

Of course it is theoretically possible to have market manipulation. But this is extremely difficult to do and only works if the supply system is uncompetitive. The internal North American market is not.

Interestingly enough, if people in the Lower 48 are upset now about alleged manipulation of the natural gas market, they sure won't be happy when the United States starts depending more heavily on imported liquefied natural gas. This is because with imported LNG, the LNG exporters themselves will be able to manipulate natural gas prices and do it with impunity. It will be like OPEC all over again.

There is a mechanism to reduce LNG exporter's ability to manipulate the gas market. It is to get Alaska natural gas to market more quickly. Congress still has a chance to change the Energy Bill by putting back in the natural gas credit provisions. I know such a move is highly unlikely, but it is certainly something each Alaskan should be clambering for.

Interestingly enough, some experts would actually like to put in tax credits for Lower 48 gas producers rather than for Alaska gas even though Lower 48 producers are making money hand over foot. If more gas existed in the Lower 48, the current incentives would already be pushing supplies higher.

The fact of the matter is, the Alaska pipeline tax credits that were cut from the energy bill are like a futures contract to insure a more reliable natural gas supply source.

In other words, Congress has the option to assure a future supply of Alaska gas at a reasonable price, and to get that supply on line sooner than markets alone will do it. The effect would be to make America's gas supply less reliant on LNG exporters with less chance for market manipulation.

Since consumers are already complaining over high natural gas prices, I would think that having such tax credits and a more reliable source of natural gas would be to America's advantage. As it stands, American consumers will undoubtedly begin to complain ever louder when it's apparent that Alaska gas is stuck on the North Slope just waiting for the time when prices reach outrageous levels before reserves are finally developed.

Needless to say, our Alaska congressional delegation has fought hard to help make the gas line a reality, but now it is up to the state to take the initiative.

So will the gas line happen? Yes. But Alaska may have to negotiate with the producers or other pipeline companies to get a deal. I believe the best strategy for the state is to give a progressive royalty and severance tax package for all natural gas production.

That means a low royalty and tax percent during low prices and a high royalty and tax percent during high prices. This will give Alaska much more revenue than the current royalty and severance tax system would give because of anticipated high prices. It will also quicken the pace of developing a pipeline. It does however imply more risk in Alaska's revenues over the years.

The future price of natural gas will not be lower than \$4 on the East Coast and will easily stay in the \$6 to \$10 range.

This is because Atlantic Basin LNG producers will be slow to ramp up production even while Lower 48 production goes into decline. Plus LNG exporters can manipulate market prices exactly the way domestic suppliers have been accused of doing. Alaska can take advantage of this and negotiate to get a line done quickly and with greater profits.

The PRESIDING OFFICER. The Senator from Connecticut is recognized for 10 minutes.

AMERICA'S ECONOMIC ISSUES

Mr. DODD. Mr. President, I rise to very briefly address two subject matters. As I understand it, we will be moving later this morning to this ETI bill, or the extraterritorial income legislation. My fervent hope is that in addition to debating the underlying bill itself, we will also have an opportunity to raise questions about a staggering set of issues that is unfolding in our country, and that is the outsourcing of jobs all across this Nation to foreign lands.

We all understand this happens from time to time, but the explosion that has occurred in the last 36 months is deeply alarming to many Americans. We now have lost some 2.6 million to 2.7 million jobs over the last 36 months in the manufacturing sector alone. Many of these jobs are showing up either offshore in places such as India, Bangladesh, the People's Republic of China, or elsewhere. There is great concern in this country that we are losing a very important strategic base in our Nation, not to mention these critically important jobs which can never be replaced.

I inform my colleagues, and I know others feel similarly as I do, when we get to this bill there will be some opportunities to offer amendments and to address the very issue of American jobs.

When we hear the administration say, as the chairman of the President's Council of Economic Advisers did just a few days ago, that outsourcing of jobs was a good thing for America, we begin to understand the depths of concern people have when the administration fails to understand, at least through its leadership, how critically important it is that we stand up and do what we can to preserve critically important jobs, although not at the expense of international trade. We all understand the importance of trade in a global economy, but we also understand if we are going to be a vibrant participant in a global economy that we have to produce the goods or the services to compete.

If not only low-income jobs are given away but also high-technology jobs, information technology jobs, and engineering jobs, for instance, are leaving, then the ability of this country to compete in the 21st century is going to be severely disadvantaged.

I look forward to the coming hours today, tomorrow, and possibly Friday, to engage with my colleagues in some of this debate and discussion. It will be the first time since we have returned that we are going to have a real debate and discussion about jobs in this country and what we might do in this body to address those issues.

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Mr. DODD. Secondly, on an unrelated matter, I was alarmed but not terribly surprised to pick up the morning news-

papers and to read what I thought might happen. I did not wish it to happen, but I thought it might happen in the island nation of Haiti.

Over the past weekend, I warned, as others did, if we did not step up and try to support a democratically elected government, albeit a flawed one but a democratically elected government, we would end up reaping what we sow. And we are doing just that.

In the headlines this morning we read things such as: Haiti rebel says he is in charge and has taken over down there. The man's name is Guy Philippe. This is a person who has a dreadful human rights record. These are people who ran death squads and are involved in the drug trades. They are now taking over. Anarchy apparently is reigning in the island nation of Haiti.

Parts of this article state the country is in my hands, this so-called rebel leader says. Although American officials denounced the armed rebels and said they should have no role in ruling Haiti, the American forces did not take any action to counter them at all. They have now taken over in that country and are apparently in charge down there. Anarchy is reigning. There are bodies in the streets of Port-au-Prince.

What I feared might happen if we did not stand up and support a democratic government—and again I will say a flawed one, but when the United States decided we were going to put a foot in the back of this elected President and send him out of the country, we warned the vacuum would be filled by the worst elements. In fact, I read over last evening and this morning that Baby Doc Duvalier, the worst oppressive leader in that country, and his father, wants to come back to Haiti under this new operation that is going on down there.

I am terribly disappointed the administration failed to step to the plate. I knew it was going to be difficult, but if we cannot support democratically elected governments—and again I will repeat, whatever problems Aristide had, they were not a few; they were many. Nonetheless, he was chosen by the people of that country on two different occasions, overwhelmingly so. If we are unwilling to stand and back democratically elected governments in this hemisphere and give a wink and a nod to those who replace governments that have been duly elected, we will see a repetition of what occurred in Haiti elsewhere. We are seeing it in Caracas, Venezuela, because we are endorsing the notion that when we don't like leaders in certain countries, we will ignore the chaos that can result from changing of government other than through the normal means of elected government. That is something that can happen, and it has happened.

So I rise to express my deep disappointment that once again the administration, in this hemisphere, is just failing terribly, and Haiti is a classic example of failure. We now have a huge mess on our hands.

I pointed out the other day, 30 percent of the population of the Bahamas is now Haitian. Thirty percent of that country is now occupied by people who have fled Haiti because of the repression and economic conditions in that nation. Twenty percent of children never reach the age of 5 in Haiti. The average income is \$250. It is a poor Black country, and as a result I don't think we give it the kind of support we should have been giving it.

In fact, over the last 36 months we embargoed any assistance directed to the Government of Haiti. What kind of a country do we live in today that turns to a nation only 300 or 400 miles off our shore, with people living in desperate conditions, with the highest rate of AIDS in the hemisphere, and we have virtually nothing to say to them. Here we have today, once again, these impoverished, poor people down there, who had to live under dreadful governments over the years, finally get one they elect democratically, and because we don't like it, it is a failed leadership in our view, we walk away from it, and now you have thugs running the place again. It is not all our fault but, Mr. President a large part is. I am terribly disappointed about what has happened, and I wanted to rise this morning to express those sentiments.

I yield the floor.

THE PRESIDING OFFICER. The Senator from Maine.

GROWING OUR MANUFACTURING EMPLOYMENT ACT

Ms. COLLINS. Mr. President, few issues are as important to the American people than the availability of good jobs in their communities. Manufacturing jobs have long provided quality employment for generations of Americans. Today, however, we are losing these jobs at a terrible rate, and no State has been hit harder than my home State of Maine.

According to a study by the National Association of Manufacturers, on a percentage basis Maine has lost more manufacturing jobs in the past 3 years than any other State in the Nation. We have lost nearly 18,000 manufacturing jobs during that period, good jobs that once provided lifelong employment to Mainers in towns such as Millinocket, Wilton, Waterville, Fort Kent, Dexter, Westbrook, and Sanford.

In response to this loss of manufacturing jobs, I have introduced legislation, the Growing Our Manufacturing Employment Act, which is aimed at reinvigorating the domestic manufacturing sector, boosting the level of domestic manufacturing, and preventing the further loss of these important jobs.

Mr. President, I know this is a major problem in your State as well, and we have had many conversations on what we might do to help.

At the national level, we are finally beginning to see the economic recovery for which Americans have been long-

ing. Third and fourth quarter gross domestic product figures are up dramatically, the best two quarters since 1984, and analysts expect the gross domestic product to grow by 5.7 percent this year, which would make 2004 the best year in the past 20 years.

But even so, I don't have to tell you that parts of our economy simply are not sharing in this good news. Nowhere is this more true than in the manufacturing sector, where we have seen a steady erosion of good jobs. The number of American manufacturing jobs has declined each year since the end of 1997. In fact, if you look at the past 84 months, since March of 1997, the number of manufacturing jobs has declined each and every month, except for 7.

This loss of jobs has occurred under both Democratic and Republican administrations, so this is not a partisan issue. The final 3 years of the Clinton administration saw 27 months of manufacturing job losses, and the greatest single monthly decline in manufacturing jobs occurred in July of 1998 when 219,000 American manufacturing jobs disappeared.

As I mentioned, nowhere is the reality of this job loss in the manufacturing sector more acute than in my home State of Maine. The job losses during the past 3 years in the manufacturing sector in Maine represent more than 22 percent of my State's total manufacturing employment, a higher percentage of manufacturing jobs lost than in any other State.

Why are American manufacturing jobs disappearing? According to a new study conducted for the National Association of Manufacturers, one answer is the disparity in manufacturing costs in the United States versus other countries. In fact, compared to other countries, it costs an average of 22 percent more to manufacture goods here.

While it would surprise no one that American manufacturers face higher costs of doing business than manufacturers in countries such as China or Mexico, it would be a mistake to assume that wage rates alone explain those differences. They do not. In fact, the productivity of the American worker is unrivaled, allowing American workers to receive more value in wages for the goods they produce.

As the NAM study indicates, if wages were the only factor, then U.S. manufacturers would be far more dominant in the global markets than the current trade situation suggests.

It is other structural costs, such as the high corporate tax rate we impose on manufacturers, that make it more expensive to manufacture goods in the United States relative to the costs elsewhere. Indeed, the NAM study shows it is significantly cheaper to produce goods, even in high-wage industrialized countries such as Japan and France. This fact illustrates the critical impact these high structural costs have on manufacturers in the United States.

In essence, these costs have the same effect as a tax, as imposing a 22-percent

additional tax on the cost of making goods here rather than overseas. To compete, American manufacturers must somehow do more with less, move operations overseas, or get out of manufacturing altogether. The end result is fewer jobs, a weaker economy, and a manufacturing sector in crisis.

I believe a healthy manufacturing base is essential to our Nation's future. Not only is manufacturing a key source of skilled high-paying jobs, but it is also critical to our economic and national security that we have the ability to manufacture the goods we need in this country.

For all of these reasons, I am proposing the Growing Our Manufacturing Employment Act. This bill would eliminate that 22-percent cost differential that American manufacturers face by providing a variety of tax incentives. For example, a jobs tax credit would be provided to manufacturers that employ displaced workers who are receiving trade adjustment assistance. That would help get those workers back to work.

In Maine alone, nearly 60 manufacturers are currently TAA-certified, and more than 4,200 Maine workers have been deemed eligible for benefits under TAA since the beginning of 2002. The credit would only be available to manufacturers that increase their employment level. The availability of this credit would be a powerful incentive to hire workers who are receiving benefits because they have been displaced.

As important as it is to assist workers who are eligible for benefits under trade adjustment assistance, however, this alone is not sufficient to address the crisis facing America's manufacturers. That is why my bill also includes a 2-year, across-the-board deduction of 9 percent on domestic manufacturing income, a tax break that would not be available for income earned on overseas operations. This, too, would be a powerful incentive, a powerful tax break, to help encourage manufacturers to keep their operations in America. It would help offset that disparity in costs.

In Maine, the sector that provides the most manufacturing jobs is the forest products industry, an industry that is struggling. Paper plant after paper plant in Maine has been laying off workers or closing down altogether, hurting our economy and leaving thousands of hard-working skilled workers without jobs.

My proposal includes provisions to encourage the recovery of the forest products industry, which is critically important not only to my State but to many other States, as well.

My bill, for example, provides a tax credit for reforestation expenses and changes the tax treatment for wood harvested on nonindustrial woodlots. These changes would both encourage sound forestry stewardship practices and also increase the wood supply by removing artificial barriers to sound woodlot management. Taken together,